



# Improving Trade Policy Coordination and Dialogue in Developing Countries

## **A Resource Guide**

**SUBMITTED TO**

USAID/Washington

**SUBMITTED BY**

Nathan Associates Inc.  
TCB Project

**UNDER CONTRACT NO.**

PCE-I-00-98-00016-00  
Task Order 13



# **RESEARCH REPORT**

**DECEMBER 2003**

## Improving Trade Policy Coordination and Dialogue in Developing Countries

### **A Resource Guide**

**SUBMITTED TO**

USAID/Washington

**SUBMITTED BY**

Nathan Associates Inc.  
Support for Trade  
Capacity-Building Activities  
Arlington, Virginia

**PREPARED BY**

Tom Pengelly  
Victoria Waite

**UNDER CONTRACT NO.**

PCE-I-00-98-00016-00  
Task Order 13

Sponsored by USAID's Bureau of Economic Growth, Agriculture and Trade (EGAT) and implemented by Nathan Associates Inc., the Trade Capacity Building (TCB) Project, 2001–2004, helps developing countries assess their trade constraints and prioritize their trade-related technical assistance needs. The project provides trade experts for short-term technical assistance in developing countries and assists USAID Missions in designing, implementing, monitoring, and evaluating technical assistance that will stimulate economic growth and reduce poverty. Electronic copies of reports and materials related to trade needs assessments, resource guides, and trade training workshops are available at [www.tcb-project.com](http://www.tcb-project.com). USAID Missions and Bureaus may seek assistance and funding for activities under this project by contacting John Ellis, USAID/EGAT, TCB Project Task Manager at [jellis@usaid.gov](mailto:jellis@usaid.gov).

For further information or for hardcopies of publications, please contact

Erin Endean

Nathan Associates Inc.

Chief of Party, TCB Project

[eeendean@nathaninc.com](mailto:eeendean@nathaninc.com)

# Contents

<b>Executive Summary</b>	<b>iii</b>
<b>1. Challenges for Developing Countries</b>	<b>1</b>
Trade Institutions in the Public Sector	1
Trade Policy Coordination across Government	4
Private Sector and Civil Society Organizations	5
Public–private Dialogue on Trade Policy Issues	6
<b>2. Improving Trade Policy Coordination and Dialogue</b>	<b>9</b>
Establishing a Functioning Trade Policy Process	9
Building Trade Policy Capacity in Government and Outside	9
Improving Trade Policy Coordination within Government	11
Developing Public–private Trade Policy Dialogue	13
<b>3. Sources of Technical Assistance</b>	<b>17</b>
Bilateral Donors	17
Multilateral Institutions	20
Regional Institutions	23
<b>4. Guidelines for Technical Assistance</b>	<b>25</b>
<b>Bibliography</b>	<b>27</b>
<b>Appendix. Trade Policy Coordination and Dialogue in the United States</b>	

# Contents (continued)

## ILLUSTRATIONS

### Figures

Figure 1-1. Executive Trade Policy Coordination in a Developing Country	2
Figure 2-1. Trade Policy Process	10
Figure 2-2. Trade Policy Dialogue and Consultation Process	15

### Tables

Table 1 -1. Trade Policy Research and Dialogue NGOs in Developing Countries	6
Table 3 -1. Illustrative U.S. Government Projects, 2002	18
Table 3 -3. Internet Addresses of Organizations Providing Technical Assistance	24

### Exhibits

Exhibit 1-1. Weaknesses in Trade Policy Capacity in El Salvador, Ghana, Senegal, and Vietnam	3
Exhibit 1-2. Linking Independent Research to Trade Policy: TIPS	7
Exhibit 2-1. Toward an Effective, Permanent Trade Policymaking Mechanism in Madagascar	11
Exhibit 2-2. Creating a Central Department for the WTO in Egypt	12
Exhibit 2-3. Improving Private Sector Participation in Trade Policymaking in Mozambique, the Caribbean, and South Africa	14

# Executive Summary

Much broader in scope than it was 15 years ago, trade policy now goes well beyond the traditional focus on border measures such as tariffs, trade taxes and charges, export subsidies, customs and transit regimes, quantitative restrictions, and quotas. The creation of the World Trade Organization (WTO) in 1995 made international trade rules much more complex and brought about new commitments and disciplines for developing countries. Rules on trade in agriculture, services, investment, intellectual property, and product standards, and other systemic changes are challenging developing countries' ability to manage, negotiate, and implement trade agreements. An increasing number of developing countries are also engaging in or would like to engage in regional and bilateral trade negotiations, further adding to a sometimes overwhelming national trade policy agenda. Globalization, however, requires that developing countries not only respond to these rules but also participate in creating them if they are to receive the benefits.

National decisions on trade policy involve a range of public institutions and agencies, all of which need to work together to ensure that global trade contributes to development. Therefore, continuous consultation and consensus building among ministries and agencies involved in trade policymaking and negotiations is essential to good economic governance, ensuring commitment to trade reform and full understanding of reform's legislative, regulatory, and financial implications, as well as its effects on human resources.

Most developing countries need technical guidance in creating a trade policy mechanism that integrates ministries of trade into national economic policymaking. This is because many aspects of national economic policy—fiscal policy, exchange rate management, regulatory frameworks in sectors such as transport and, of course, design of public expenditure plans—affect trade performance and competitiveness. Poor coordination across government can have significant and immediate negative effects for developing countries when policies intended to expand trade and competitiveness are undermined by other economic policies.

Constructive dialogue on trade policy between government agencies and with the private sector and civil society is critical. Trade policy and negotiations are about commerce, and business groups can provide information or insights on commercial issues that government

officials do not have. And, when trade policy reforms and negotiation strategies are refined through a participatory process that engages legislatures and civil society, results are more likely to be considered legitimate, and will therefore be more sustainable and effective.

In many developing countries, however, discussion of trade policy with the private sector is limited to occasional workshops and seminars. Some trade ministries usually consult only a narrow set of industrial and political interests and do not make enough information available to a broader range of interested stakeholders in a timely manner. Discussion that does occur is often limited because many stakeholders are not fully aware of trade policy issues and do not possess capacity to analyze and respond to such issues in a timely manner. Moreover, small traders and producers are often marginalized because they have few resources and little, if any, access to relevant information.

In some countries certain elements of the private sector have improved their dialogue with government. But in many cases, government officials are still formulating day to day legislation and regulations affecting trade with little knowledge of the industries concerned and without consulting the business community. This produces suboptimal results for business and curbs their interest in participating in trade policy dialogue.

To address these challenges, developing countries require enhanced technical and analytical capabilities, mechanisms for information dissemination, an approach to coordinating policymaking across government, and a policymaking process that involves stakeholders in the private sector and civil society. Many developing countries are likely to require assistance from donors to develop a functional trade policy process, build trade policy capacity in government and the business community, improve coordination of trade policy across government and external negotiating fora, and to deepen dialogue between government, the private sector, and civil society.

A developing country's trade policymaking is central to building its capacity to participate in international trade and to accelerate development. The main benefits will likely be greater trade opportunities through improved market access, more meaningful implementation of domestic trade reforms, a more attractive environment for stimulating investment, and lower costs and fewer risks for local traders and exporting businesses, leading to greater competitiveness in international markets.

USAID and other bilateral donors and multilateral organizations are providing assistance in all of these areas. This paper is intended to support and guide future capacity building efforts.

# 1. Challenges for Developing Countries

A complex institutional framework of government agencies, private sector bodies, and civil society organizations formulates trade policy.<sup>1</sup> This framework provides for coordination and dialogue between many stakeholders and across a broad range of trade policy topics. In many developing countries, however, the framework is underdeveloped and as a result is not able to function properly. And many institutions simply do not possess the requisite technical capacity, human and financial resources, or access to data and information. As global markets become more open and competitive and as the regulation of international trade reaches into new areas of economic policy behind the border, such institutional weaknesses increasingly impede trade expansion and economic integration. In this chapter, we review the main challenges to effective formulation, implementation, and coordination of trade policy at the national level in developing countries, as well as common issues in developing mechanisms for a dialogue “on content” with stakeholders in the private sector and civil society.

## Trade Institutions in the Public Sector

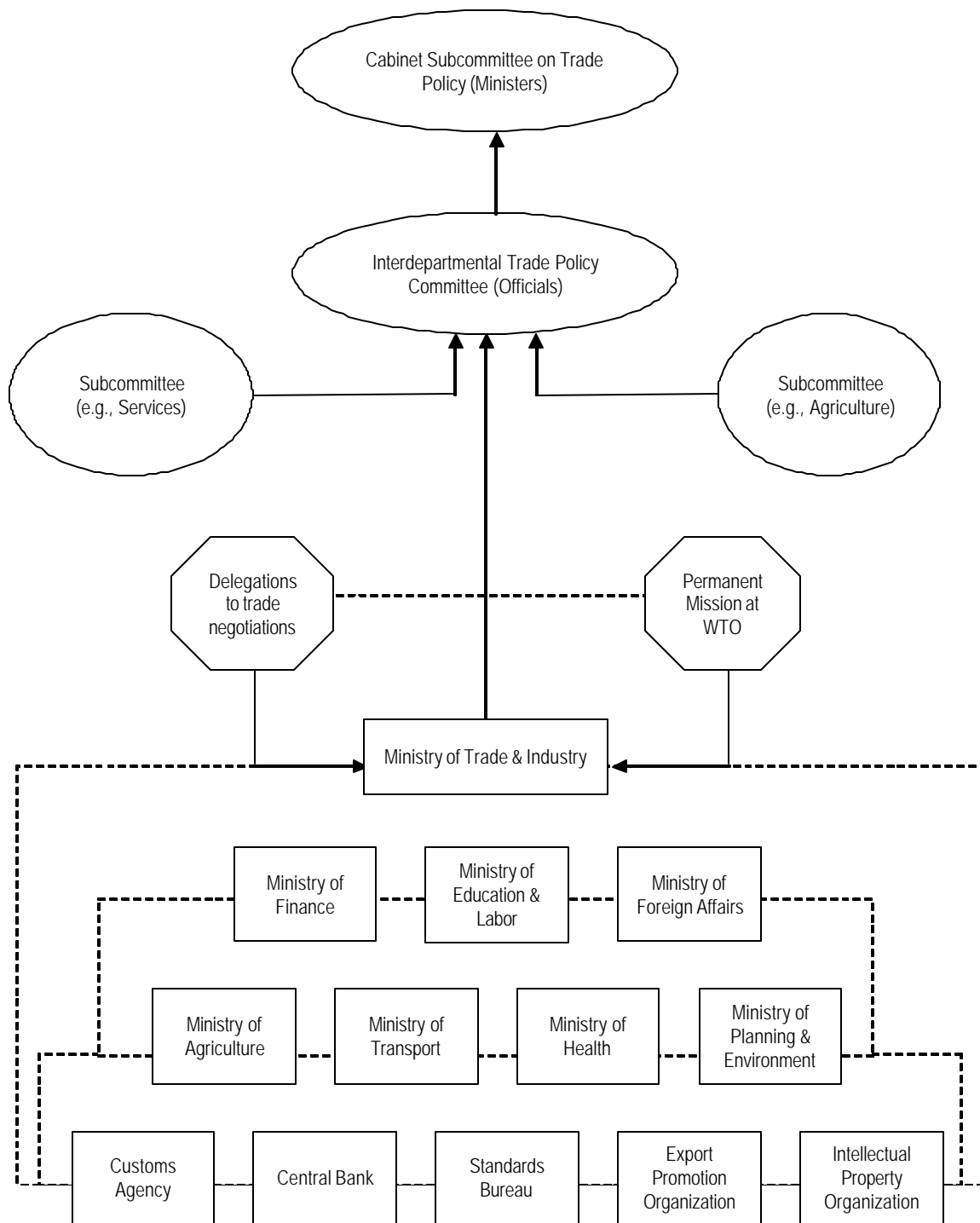
In the public sector, the ministry of trade is usually the formal apex of trade policymaking and implementation, but many issues on the trade agenda involve other ministries, such as finance, industry, and agriculture, and other agencies such as customs administration, standards agencies, trade promotion organizations, and tax administrations.<sup>2</sup> Figure 1-1 provides an example of an institutional framework for executive trade policymaking in a developing country.

---

<sup>1</sup> For an introduction to the process in the United States, see the appendix.

<sup>2</sup> For a detailed discussion of institutional problems with customs administrations and standards agencies in developing countries, see *Customs-related Technical Assistance for Trade Capacity Building: A Resource Guide* and *Trade Capacity Building and Sanitary and Phytosanitary Control: A Resource Guide* prepared by Nathan Associates Inc. for USAID under the Support for Trade Capacity Building Activities (STCBA) Task Order, available at [www.tcb-project.com](http://www.tcb-project.com).

Figure 1-1  
*Executive Trade Policy Coordination in a Developing Country*



**Key**

Reporting

Communication

In many cases, however, developing countries' institutions are poorly equipped to address the complex global and regional trade agenda, undertake evidence-based trade policy formulation, or implement trade agreements effectively (Exhibit 1-1). Common problems include

- Absence of effective trade data collection and analysis,
- Weak information systems and rudimentary use of information technology,
- Lack of formal technical knowledge and skills in trade policy analysis, and
- Low salaries relative to the private sector, which encourages high staff turnover and low morale.

Institutional problems with ministries of trade are of special significance and are often acute. Some trade ministries are still structured to perform obsolete regulatory functions, such as issuing import licenses, rather than “doing trade policy” or facilitating trade expansion in the private sector. Moreover, some trade ministries may face an upward struggle to influence critical cross-cutting economic policy issues, such as service sector liberalization. Indeed, in some sub-Saharan countries trade ministries have been marginalized by strong ministries of finance, which have given low priority to public sector investment in trade capacity development, as well as to trade policy reforms in some areas, such as the tariff system, because of their bias toward revenue considerations.

#### Exhibit 1-1

##### *Weaknesses in Trade Policy Capacity in El Salvador, Ghana, Senegal, and Vietnam*

---

In 2000, in preparation for the OECD DAC Guidelines of Capacity Development for Trade in the New Global Context, case studies of El Salvador, Ghana, Senegal, and Vietnam examined experiences with trade policymaking, coordination, and dialogue. In all four countries, government ministries, the private sector, and civil society had difficulty obtaining information on international trade policy developments. In Vietnam, Ghana, and Senegal access to computers and the Internet is limited, as is the capacity to analyze data and trends. Experiences in Vietnam and Senegal suggest that inadequate access to information is

undermining not only the effectiveness of trade policymaking, but also the bargaining power of exporters in overseas markets. Only El Salvador possessed strong technical capacity in trade policy analysis, trade policy formulation, trade negotiations, and implementation of agreements. Ghana and Senegal were struggling to formulate policy, prepare for multilateral and regional negotiations, and meet obligations under international trade agreements. Vietnam had sought external assistance to help it make policy and institutional reforms necessary for WTO accession.

---

## Trade Policy Coordination across Government

With so many government agencies involved, coordination of trade policy is extremely difficult and the tendency of developing countries to create a multitude of trade-related agencies further blurs the lines of responsibility. In most developing countries, ministries of trade are not well integrated into national economic policymaking, and are rarely involved in preparing development plans and strategies for poverty reduction. Nor are government ministries and agencies in charge of other areas of economic policy fully engaged in trade policymaking. This is so even though important areas of overlap – fiscal policy, exchange rate management, regulatory frameworks in key sectors such as transport and, of course, design of public expenditure plans – clearly affect trade performance and competitiveness.

Poor coordination across government can have significant and immediate negative effects for developing countries when policies intended to expand trade and competitiveness are undermined by measures in other areas of economic policy. In India, for example, obtaining a trading license can be a formidable task because of bureaucratic barriers. In Egypt, inefficient regulation of markets for land and water constrains expansion of seasonal fruit and vegetable exports for European markets, where Egypt has a strong comparative advantage. And in Southern Africa, while trade ministries seek to expand trade in the region, concern about value added tax fraud has led some national tax authorities to introduce stringent procedures and spot-checks that cause major delays and additional costs for traders at border points along the region's main transport corridors.

In recent years, most developing countries have attempted to establish intragovernmental coordination mechanisms, often supported with technical assistance from donors, to improve trade policy formulation and implementation. In fact, countries receiving technical assistance through either the Integrated Framework (IF) or the Joint Integrated Technical Assistance Programme (JITAP) are required to establish national steering committees<sup>3</sup> to help coordinate, monitor, and implement national trade policies.<sup>4</sup> But coordinating mechanisms are in their infancy in many developing countries, and their effectiveness is not yet evident, particularly with respect to integration of trade policy with other areas of economic policy. And some smaller developing countries and LDCs still do not have any mechanisms.

Another common problem with intragovernmental trade policymaking is poor communication between officials in the developing country's capital and those in the permanent WTO delegation in Geneva. For example, officials in the capitals may fail to give

---

<sup>3</sup> Under JITAP, national steering committees (NSCs) should fall under the authority of a senior official at the ministry responsible for trade. NSC members include representatives from the Ministry of Trade and Industry, the Ministry of Finance, and the national trade promotion organization; representatives from the national Chamber of Commerce and leading private sector organizations; the Chief Technical Adviser representing the executing organizations (WTO, ITC, UNCTAD); and representatives of other donor and development partners from donor countries, UNDP, and the World Bank.

<sup>4</sup> See <http://www.integratedframework.org/about.htm> and <http://www.jitap.org/clust1.htm> for more information.

officials in Geneva clear negotiating instructions and officials in Geneva may fail to provide feedback to the capital. For some countries, poor communication may be caused by the small size of the delegation in Geneva and the lack of modern communication facilities with the capital. For others, officials in Geneva sometimes come from ministries of foreign affairs and are not experienced in reporting to another line ministry.

## **Private Sector and Civil Society Organizations**

Because trade can affect a wide spectrum of economic activity, the interests and perspectives of the private sector and civil society should be factored into trade policymaking and strategies for international trade negotiations. In the United States and other developed countries, private sector bodies and civil society organizations are important channels for information between government and business on trade policy matters.

While a few developing countries have been able to strengthen their private sector and civil society advocacy with respect to trade policymaking, many still struggle with the initial organization of such efforts. Although chambers of commerce and associations of producers, freight forwarders, clearance agents, and road haulers exist, most private sector bodies have few members and very limited resources. Even in larger private sector organizations, such as those in South Africa or Brazil, capacity for evidence-based policy analysis and advocacy is weak. As a result, these organizations are not able to represent industrial or sectoral interests in national and regional trade policymaking and struggle to provide timely and accurate information to members.

Civil society organizations, which contribute to trade policy reform through advocacy and research, include non-governmental organizations (NGOs), labor unions, consumer associations, universities, and research institutes. In developed and developing countries alike these organizations are increasingly interested in trade-related issues and the effect of trade reform on social development and the environment. Over the last 5 to 10 years, in fact, the number of NGOs in developing countries involved in trade policy research and dialogue has grown rapidly. Sometimes these NGOs have interests other than trade and most have received financial and technical assistance from donor agencies. Table 1-1 lists the names and Internet addresses of some NGOs interested in trade policy research and dialogue in developing countries.

Although more trade research and policy analysis networks have developed in recent years, often with support from donors, only a few developing countries have strong, independent institutions that can perform high-quality research and analysis on a broad range of trade policy matters. One example is South Africa's Trade and Industrial Policy Strategies (Exhibit 1-2).

Table 1-1  
*Trade Policy Research and Dialogue NGOs in Developing Countries*

NGO Name	Internet Address
<b>L A T I N A M E R I C A A N D T H E C A R I B B E A N</b>	
Latin America Trade Network (LATN)	<a href="http://www.latn.org.ar">www.latn.org.ar</a>
Foundation for Foreign Trade Studies, Brazil (FUNCEx)	<a href="http://www.funcex.com.br">www.funcex.com.br</a>
The Briefing Room, Jamaica	<a href="http://www.thebriefingroom.net">www.thebriefingroom.net</a>
Caribbean Policy Development Centre, Barbados	<a href="http://www.cpdngo.org">www.cpdngo.org</a>
<b>A F R I C A</b>	
Southern Africa Trade Research Network, Botswana (SATRN)	<a href="http://www.tips.org.za/satrn/">www.tips.org.za/satrn/</a>
Trade & Industrial Policy Strategies, South Africa (TIPS)	<a href="http://www.tips.org.za">www.tips.org.za</a>
Botswana Institute of Development Policy Analysis (BIDPA)	<a href="http://www.bidpa.bw">www.bidpa.bw</a>
Trade Law Advisory Centre, South Africa (TRALAC):	<a href="http://www.tralac.org">www.tralac.org</a>
Economic and Social Research Foundation, Tanzania (ESRF)	<a href="http://www.esrf.or.tz">www.esrf.or.tz</a>
<b>A S I A</b>	
South Asia Watch on Trade, Economics & Environment (SAWTEE)	<a href="http://www.sawtee.org">www.sawtee.org</a>
Centre for Policy Dialogue, Bangladesh (CPD)	<a href="http://www.cpd-bangladesh.org/tpa.html">www.cpd-bangladesh.org/tpa.html</a>
Centre for International Trade, Economics & Environment, India (CITEE)	<a href="http://www.cuts-india.org/CITEE.htm">www.cuts-india.org/CITEE.htm</a>
Institute for Trade and Development, Thailand (ITD)	<a href="http://www.itd.chula.ac.th/aboutus.htm">www.itd.chula.ac.th/aboutus.htm</a>

## Public-private Dialogue on Trade Policy Issues

Governments and trade negotiators need to communicate well with the private sector and civil society because these groups can (1) provide information or knowledge that government officials do not have, (2) propose innovative ideas and draw on experiences in their industries abroad, and (3) represent social constituencies and convey their opinions in a timely manner.

In many developing countries, trade policy dialogue is extremely limited. Some trade ministries, for example, usually consult only a narrow set of industrial and political interests and do not make enough information available to a broader range of interested stakeholders in a timely manner. The communication that does occur is rarely substantive because many stakeholders are not fully aware of trade policy issues and therefore are not able to grasp and respond to such issues in a timely manner. In most countries, the involvement of broader interests is still largely *ad hoc*, and limited to workshops and seminars. Moreover, small traders and producers are often marginalized because they have few if any resources and little if any access to information.

In some countries, such as Mexico or South Africa, elements of the private sector have improved their dialogue with government. But in most developing countries consultation mechanisms, awareness, and participation in policymaking are still very weak. From the business community's perspective, day to day legislation and regulations affecting trade are still being formulated by government officials with little knowledge of the industries concerned and without proper consultation. This, in turn, may curb the willingness of private sector organizations to participate in trade policy dialogue or devote resources to strengthening their capacity for trade policy work programs. With respect to wider national trade development strategies and international trade negotiations, private sector interests as a whole rarely offer detailed significant input over a sustained period.

#### Exhibit 1-2

##### *Linking Independent Research to Trade Policy: TIPS*

Trade and Industrial Policy Strategies (TIPS) is an independent non-profit research institute in South Africa. TIPS was originally formed with support from donors, such as Canada's IDRC, to advise South Africa's Department of Trade and Industry (DTI). TIPS' independence from government has afforded it flexibility in recruiting staff and initiating activities, and the organization's independence from government has facilitated relationships with the academic community in South Africa and abroad.

In addition to helping government and civil society make informed choices in trade, industrial, and regulation policy, TIPS has detected wider policy

issues not readily perceived by DTI and has improved the quality of research topics, approaches, and skills. For example, during the EU-South Africa negotiations for a free trade agreement, TIPS helped prepare South Africa's negotiators during subsequent negotiating sessions by providing comprehensive briefing documents on negotiating issues.

The success of TIPS is attributed to its excellent leadership, engaged Board, ability to foresee issues, and close but professional relationship with government. Also important is its audience of policymakers who value high quality, independent research.



## **2. Improving Trade Policy Coordination and Dialogue**

### **Establishing a Functioning Trade Policy Process**

A top priority for trade capacity building is to help developing countries establish an effective policy framework and process. The OECD-DAC Guidelines for Trade Capacity Development suggest that donors and developing countries aim for a trade policy process that can implement a trade development strategy that is rooted in the national development strategy (Figure 2-1).

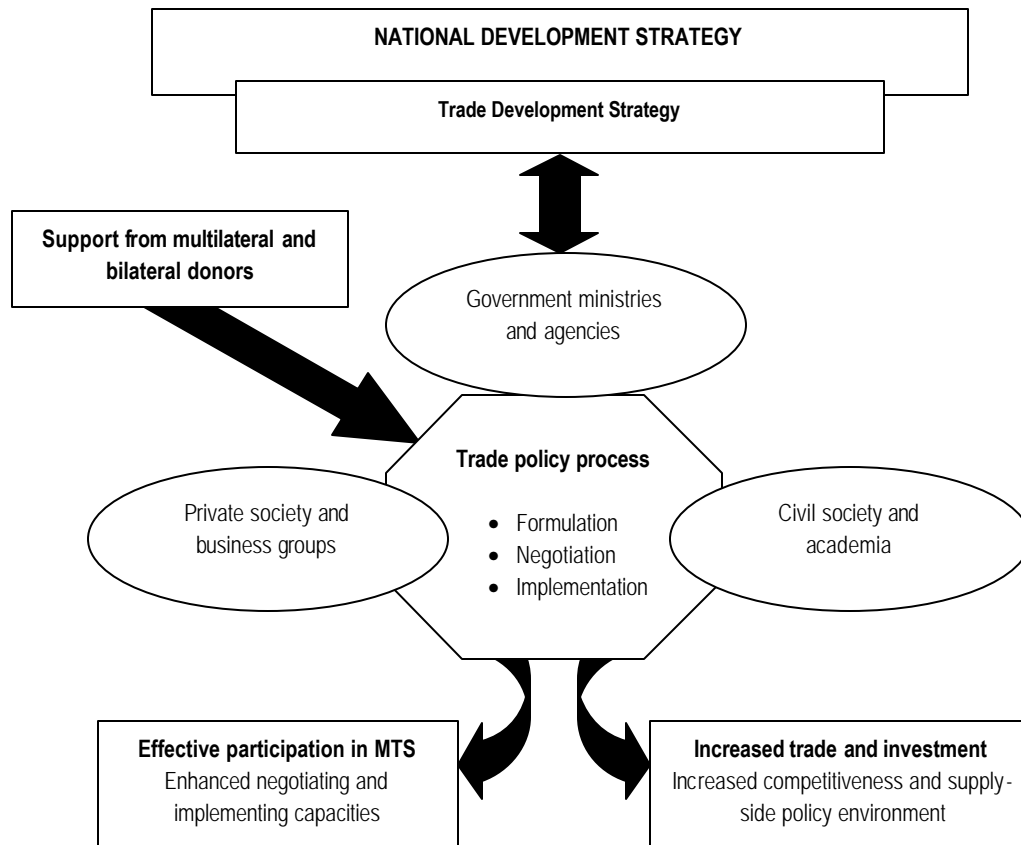
No single correct structure for a trade policy framework exists, but every country should master three policy processes: (1) formulation of trade policy and strategy, (2) preparation and execution of negotiating strategies, and (3) implementation of trade policies and agreements. Formulation of trade policy and preparation of positions and strategy for external trade negotiations should be broadly inclusive, involving significant contributions from the private sector and civil society (see Exhibit 2-1).

### **Building Trade Policy Capacity in Government and Outside**

Governments and stakeholders must understand the regional and multilateral agreements to which they are parties and the international commercial developments that affect their economies. They must be able to collect and analyze data in order to understand the strengths and weaknesses of economies as a whole, and the challenges facing individual sectors. In recent years a number of donors, including USAID, have attended more closely to building capacity in these aspects of public policy and public service. Interventions have included

- Training in technical skills for trade policy analysis,
- Awareness raising and information dissemination on trade agreements and negotiations,
- Provision of long- and short-term trade policy experts as advisers to trade ministries,

Figure 2-1  
Trade Policy Process



- Legal assistance for implementing new trade agreements into national legislation,
- Support for trade policy analysis studies and participation in external trade negotiations,
- Funding for public–private sector trade policy dialogue programs, and
- Provision of IT resources and development of web-based information systems.

Most developing countries have benefited from one or more interventions over the last decade, and this type of assistance is likely to continue over the short to medium term given needs created by regional and multilateral trade negotiations, as well as implementation of trade agreements. An increasingly important feature of many assistance programs is building trade policy capacity in relevant government agencies and the private sector and civil society, as well as in ministries of trade. For example, in Cambodia USAID has supported the establishment of a private sector trade newsletter to raise awareness and spur dialogue on trade policy issues in the business community. Likewise, a capacity building program in the Caribbean funded by the Canadian government includes a fund to which NGOs and private

## Exhibit 2-1

*Toward an Effective, Permanent Trade Policymaking Mechanism in Madagascar*

In May 2003, USAID funded a private-public sector workshop in Madagascar on efficient trade policymaking. Workshop leaders presented model mechanisms from developed and developing countries, described the process weaknesses found in African countries where trade policymaking is not effective, and described Madagascar's trade policymaking process. Small groups of public and private sector participants then discussed the Malagasy process and possible modifications. Each group concluded that the Malagasy process suffers many of the same weaknesses found in other African countries. They suggested modifications based on the models presented in the workshop as well as their understanding of the Government of Madagascar and Malagasy culture.

In late 2003, USAID financed a trip to Washington, D.C. for a delegation of public officials and Malagasy trade consultants. Delegates consulted with public and private sector participants in the U.S. trade policymaking process on ideas for an effective and permanent Malagasy trade policy mechanism. The team will base its design of a policymaking mechanism design on its own experiences with the relatively new and informal WTO task force in Madagascar, which is both intraministerial and public-private; the coordination efforts of a 12 member public-private sector Malagasy Delegation in Cancun; the USAID workshop; and the follow-up study trip to Washington.

sector bodies can apply to finance trade policy studies, stakeholder workshops, and other dialogue activities.<sup>5</sup>

## Improving Trade Policy Coordination within Government

Continuous interdepartmental consultation and consensus building among departments and agencies involved in trade policy and negotiations is essential to good economic governance (Exhibit 2-2). It ensures political and bureaucratic commitment to the decision to initiate trade negotiations, conduct negotiations, and implement their results. It also ensures that the legislative and regulatory implications, as well as the financial and human resource consequences for government, are under continuous review. As trade negotiations proceed, negotiators need to know whether, from the perspective of the relevant government departments, various negotiating proposals can be implemented. Responsibility for implementation may reside in the legislature and a number of government departments while trade ministries play only a secondary role in implementation of agreements. The difficulty and cost of implementing agreements will therefore depend on the capacities and priorities of a range of government departments.

---

<sup>5</sup> See Blouin, C. & Weston, A. 2002.

## Exhibit 2-2

*Creating a Central Department for the WTO in Egypt*


---

Egypt recognizes that intra- and interministerial coordinating mechanisms are necessary in building political support for trade reform and liberalization. With the assistance of USAID and the Commercial Law Development Program of the Department of Commerce, Egypt's Ministry of Foreign Trade established a Central Department for the WTO (CD/WTO) to strengthen trade policy formulation and improve export performance. The primary responsibilities of the CD/WTO are to develop and	coordinate Egypt's positions in WTO trade negotiations and implement Egypt's WTO obligations. It is also responsible for public outreach to increase the transparency of trade policy, build private sector support for trade negotiations, and incorporate stakeholder input into the trade policy process. Finally, to ensure sustainability of the CD/WTO, technical assistance continues to be provided under a mentoring framework that includes classroom and on-the-job training.
--	--

---

In many governments, authority for trade policymaking is dispersed among a wide range of ministries and agencies. Bringing authority under one national body, or coordinating it effectively at the level of officials, is a delicate substantive and political proposition. Many countries designate one agency (usually the trade ministry) as the lead on trade policy while using interagency committees, at the level of officials and cabinet ministers, to coordinate policy. Given the broad scope of the trade agenda, establishing subcommittees to cover specific areas (e.g., agriculture, services trade) has also proven worthwhile. It is important to recognize, however, that such committees are limited to formal decision making and general policy discussion. The nature of international trade negotiations requires that most day to day coordination and discussion take place among government departments on an *ad hoc* basis.

Interagency committees and subcommittees should meet on a regular basis to give officials from the trade ministry or other lead agency an opportunity to inform other departments on progress in trade policy negotiations or developments in the WTO or regional fora. Committees can commission short technical notes and policy papers, and the interagency committee can periodically commission a general review of the country's position on topics in international trade negotiations, usually 3-6 months before a WTO Ministerial. This process provides an opportunity for comprehensive discussion of national trade policy and an opportunity to build consensus on trade issues.

Donors can support interagency trade policy coordination by a number of means. They can provide technical consultancies to support establishment and strengthening of interagency committees and subcommittees; encourage staff from different departments to undertake joint trade policy research projects and to collaborate in technical training courses and strategy workshops; train interagency committee members in communication and presentation skills; and support dissemination improvements by providing IT assets, training and help-desk support to enable e-mail as well as electronic file sharing through secure web-based

platforms—as USAID has done through its support to CARICOM countries and the Caribbean Regional Negotiating Mechanism.

## Developing Public-private Trade Policy Dialogue

Establishing an active dialogue with the private sector and representatives of civil society is essential to developing trade policy positions as well as to building the support needed to implement decisions once made. While this may place additional demands on government officials, the trade-off is the creation of a wide network of private sector and civil society experts who are in a position to provide valuable feedback and input on trade issues that affect domestic stakeholders. Moreover, it can help to create pro-liberalization constituencies to serve as a foil to the protectionist forces inevitable in all economies. For example, if the private sector is aware of its rights, including the benefits associated with trade agreements, they may also be more active in ensuring that their own governments properly implement trade liberalization commitments.

The groundwork for policy dialogue usually consists of awareness-raising and information dissemination in workshops and public meetings (Exhibit 2-3). These can be most effective when made a part of strategic reviews of national trade policy, through government “White Papers” for example. Many governments have also introduced more formal and structured mechanisms to keep the consultation process manageable.

Figure 2-2 illustrates a model structure for trade policy dialogue. Although widely replicated, the model is merely a guide for tailoring process and mechanisms to meet local requirements. Dialogue and consultation programs, however, should be based on several principles:

- **Timely Information and Agenda-setting.** Meeting dates and agendas should be available to participants well in advance. Short reports on meetings should also be produced and distributed as soon as possible.
- **Broad Representation.** The widest possible range of interest groups from the private sector and civil society should be encouraged to participate. Participation by groups that lack financial resources can be funded if doing so ensures broad representation.
- **Transparency of Participation.** Organizations intending to participate in national trade dialogue meetings should register to do so and a database of all participating organizations should be maintained.

Creating a national trade policy advisory council of senior representatives from government, the private sector, and civil society, can also be very helpful. Council chairmanship can change semi-annually. The advisory council can act as a sounding-board for major government trade policy documents and provide guidance on developing a program for

## Exhibit 2-3

*Improving Private Sector Participation in Trade Policymaking in Mozambique, the Caribbean, and South Africa*

---

Mozambique

To assist Mozambique in using trade to spur economic growth and reduce poverty, USAID funded the Mozambique Mainstreaming Activity, which produced a trade needs assessment report. The report focused on the importance of trade to Mozambique's economic growth and poverty reduction strategies, identified constraints on export growth, presented recommendations for overcoming constraints and building trade capacity, and considered implications of a pro-trade policy and regulatory environment for the Mozambican economy and citizenry, especially the poor. At a national workshop, leaders of Mozambique's public and private sectors, NGOs, and donor organizations discussed the report's findings and recommendations to build consensus on a plan of action. The Minister of Industry and Commerce embraced the report and recommendations and has presented it to the Council of Ministers for approval as the country's new National Trade Strategy. Mozambique has already implemented a number of the recommendations and is intending to implement more with donor assistance.

## Caribbean

CARICOM governments created the Caribbean Regional Negotiating Machinery (RNM) to develop and execute a negotiating strategy for trade negotiations, such as the WTO Doha Development Agenda and the EU-ACP Cotonou negotiations. In late 1998, with support from USAID and the UK's Department for International Development, the RNM established a communication and partnership strategy (CPS) to improve dialogue on trade policy between the public sector, the business community,

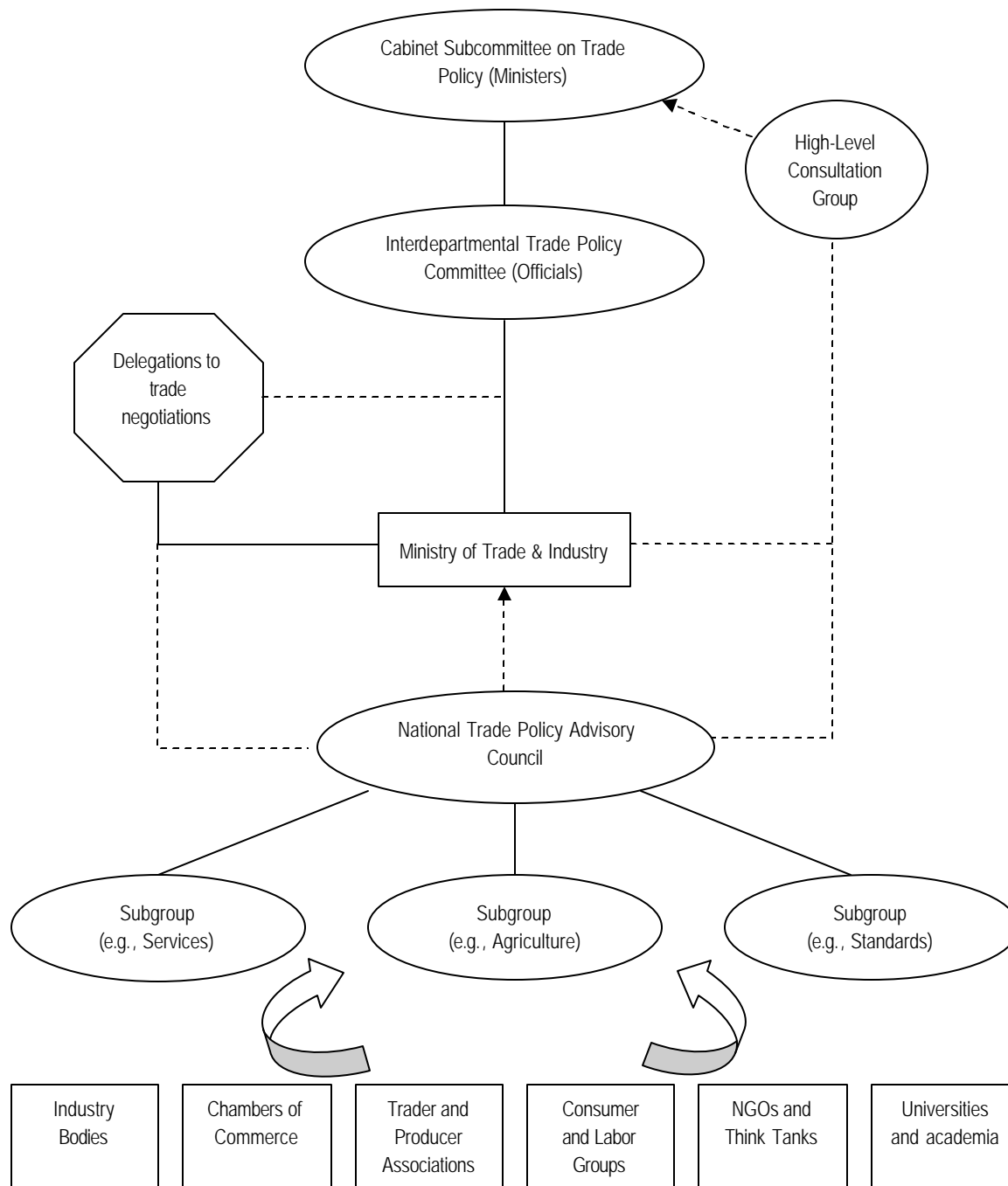
and civil society. An RNM Communications Director was appointed for a 3-year fixed term contract to develop and oversee the strategy; a public relations and awareness raising campaign of workshops, seminars, and newspaper articles was devised; and private sector and civil society groups were afforded opportunities to help prepare and review trade policy studies commissioned by the RNM with donor support.

## South Africa

In preparing for services negotiations mandated by the WTO's built-in agenda, South Africa's National Treasury recognized the need for intra-agency coordination and public-private dialogue. In early 2001, Treasury set out to educate its financial regulators on the WTO, including financial service negotiations and general trade in services. Treasury officials were careful to emphasize that multilateral trade negotiations on financial services would not focus on dismantling regulations. Treasury now communicates regularly with its regulatory counterpart on financial regulation and trade issues. After establishing intra-agency coordination, the Treasury began a dialogue with the private sector. Through an informal advisory process, Treasury consults with financial service business associations representing banking, insurance, securities, and other financial service subsectors. Association representatives meet with Treasury officials as needed to discuss financial service trade issues and provide input for negotiations. They then report to members on the status of negotiations and coordinate industry's policy advice, which they then share with Treasury for the development of negotiating positions.

---

Figure 2-2  
Trade Policy Dialogue and Consultation Process



consulting with the private sector and civil society more broadly. To enable detailed discussion and feedback on specific sector issues, sector working groups can be established.<sup>6</sup>

Working groups can also ensure deeper participation by more private sector and civil society organizations, some of whom may have highly specialized interests. As part of the Free Trade Areas of the Americas initiative, for example, trade ministers in the hemisphere have decided to establish a Committee of Government Representatives on the Participation of Civil Society. The committee will analyze contributions from private sector and civil society groups on the issues subject to negotiations.<sup>7</sup>

Some developed countries<sup>8</sup> have invested in web-based platforms for dialogue and dissemination and developing countries are beginning to do the same. With support from USAID, the business sector in Jamaica has developed a website called “The Briefing Room”<sup>9</sup> which provides information to private sector stakeholders on external trade negotiations. Donors and governments in developing countries could go much further in using information technology to share and disseminate information on trade policy matters.

Private sector or civil society “umbrella” organizations have been created to complement industry-specific national business associations. For example, in Mexico during NAFTA negotiations, private sector organizations decided to create the Co-ordinating Body of Foreign Trade Business Associations (COECE) to pool resources for undertaking analyses and to establish common positions on trade policy and trade negotiations.<sup>10</sup> Other such organizations have established strong relationships with government officials and agencies dealing with trade policy and wield significant influence in national trade policy dialogue.

---

<sup>6</sup> In Cambodia, for example, the government recently established seven public-private sector consultative working groups on trade policy matters (export processing industries; manufacturing and distribution; energy and infrastructure; tourism; law, tax and governance; banking, financial services and insurance; and agro-processing) and has sponsored four public forums in the last three years to discuss issues raised at the working groups. As a result of improved dialogue the Cambodian government changed regulations so that agencies operating at border checkpoints must coordinate activities and subject traders to only one inspection. See WTO, 2002 for more information.

<sup>7</sup> See the Annual Report of the FTAA-Committee of Government Representatives on the Participation of Civil Society, 2002.

<sup>8</sup> A good example is the European Commission’s web-based “Civil Society Dialogue on Trade Policy” initiative run by the Trade Directorate-General ([http://trade-info.cec.eu.int/civil\\_soc/intro1.php](http://trade-info.cec.eu.int/civil_soc/intro1.php)).

<sup>9</sup> See [www.thebriefingroom.net](http://www.thebriefingroom.net) for more information.

<sup>10</sup> See Alba, C. & Vega, G. (2002).

## **3. Sources of Technical Assistance**

Trade policy coordination and dialogue can fall into a broad category of technical assistance, such as governance and interagency coordination or trade policy and regulations, or be incorporated into projects that focus on specific issues, such as services or agriculture. In this chapter we provide an overview of bilateral, multilateral, and regional donors that provide technical assistance to strengthen trade policy coordination and public–private sector dialogue.

### **Bilateral Donors**

#### **U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

National decisions on trade policy cut across a range of public agencies and institutions all of which need to participate in a coordinated fashion to ensure the benefits of participation in global trade are realized. The United States Government provides assistance to developing and transition countries to help develop efficient, transparent, and accountable institutions with clearly defined policies and procedures (Table 3-1). From 1999-2003, USAID's assistance to trade-related capacity building in governance and interagency coordination totaled US\$167.1 million.

#### **CANADIAN INTERNATIONAL DEVELOPMENT AGENCY**

The Canadian International Development Agency (CIDA) delivers most of the Canadian government's trade-related technical assistance to developing and least-developed countries. CIDA focuses on helping countries negotiate effectively in the WTO as well as in bilateral and regional trade arrangements, and on mainstreaming trade into national development and

Table 3-1  
*Illustrative USAID Projects, 2003*

Project	Country	Funding (\$)	Activities
Georgia Enterprise Growth Initiative	Georgia	2,450,000	<p>This project supports demand-driven policy reform by</p> <ul style="list-style-type: none"> <li>• Supporting business associations and partnerships for reform,</li> <li>• Building awareness to support compliance with WTO obligations, as well as other governance issues;</li> <li>• Strengthening financial institutions; and</li> <li>• Supporting competitiveness improvements, including export promotion and removing constraints on selected industry clusters.</li> </ul>
Financial Sector Reform	Indonesia	225,000	<p>This activity aims to</p> <ul style="list-style-type: none"> <li>• Improve Indonesia's institutional and legal/regulatory capacity to combat financial crimes and corruption;</li> <li>• Develop and train financial sector market participants; and</li> <li>• Strengthen international cooperation and domestic coordination.</li> </ul>
Technical Assistance to the Jamaica Conference Board (JCB)	Jamaica	10,745	<p>This joint initiative with the Jamaica Chamber of Commerce, develops briefings, seminars, and business information (based on research and analysis) to help business executives understand business developments, including the Free Trade Areas of the Americas. The JCB empowers business leaders to be more effective in public affairs and develop more informed investment and business strategies.</p>
WTO Compliance	Macedonia	331,500	<p>Assistance to the Government of Macedonia in the finalization of the WTO accession process (completion of bilateral/multilateral negotiations, accession approval by the WTO General Council and ratification of the Protocol of Accession by the Macedonian authorities). Macedonia became a full member on April 4, 2003. Now activities focus on public awareness, training and education, and providing advice on notification and compliance commitments.</p>
Public-private Partnerships Against Corruption	Russia	630,000	<p>The activity is building cooperation among NGOs, business, and government to reduce corruption at regional and local levels. Two sustainable public-private partnerships are being created, and representatives of all sectors of society are being trained to combat corruption.</p>
East and Central Africa Global Competitiveness Hub	Sub-Saharan Africa	350,000	<p>Technical assistance will be provided to</p> <ul style="list-style-type: none"> <li>• Facilitate the Trade for African Development and Enterprise (TRADE) initiative, including strengthening regional capacity for trade policy formulation and implementation;</li> <li>• Build capacity for trade policy formulation and implementation with emphasis on the WTO and Common Market for Eastern and Southern Africa/Free Trade Area;</li> <li>• Develop and implement private sector business support strategies for increasing trade under AGOA; and</li> <li>• Improve the efficiency and reduce the cost of transportation.</li> </ul>

Project	Country	Funding (\$)	Activities
Trade Facilitation and Investment	Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan	1,861,538	<p>This program</p> <ul style="list-style-type: none"> <li>• Cultivates participation of business, legal, and professional associations and other groups to reform legislation, administrative procedures, and practices that constrain small- and medium-sized enterprises and investment.</li> <li>• Assists government agencies in effectively, consistently, and transparently implementing market-oriented changes in regulations and laws;</li> <li>• Educates government officials and entrepreneurs on existing laws and practices that limit SME trade and investment;</li> <li>• Provides assistance in dealing with WTO accession;</li> <li>• Supports SME trade facilitation, including coordination and cooperation between customs and tax authorities within and among the Central Asian countries.</li> </ul>

SOURCE: USAID Trade Capacity Database, <http://qesdb.cdie.org/tcb/index.html>

poverty reduction plans.<sup>11</sup> For example, CIDA is providing technical assistance to the Organization of Eastern Caribbean States (OECS) Secretariat, OECS national trade ministries or departments, and private sector associations to strengthen trade policy management at the national and subregional levels. This includes assistance for policy formulation and coordination, negotiations, and implementation of obligations. CIDA also addresses investment aspects of CARICOM regional provisions, and negotiations on the Free Trade Area of Americas, Lomé Convention IV, and the WTO.

## DEPARTMENT FOR INTERNATIONAL DEVELOPMENT, UNITED KINGDOM

In addition to contributing to multilateral donor organizations, the United Kingdom's (UK) Department for International Development (DfID) supports bilateral trade capacity building, including policy coordination and dialogue, in developing and least developed countries (Table 3-2).

<sup>11</sup> WTO/OECD, 2002. First Joint WTO/OECD Report on Trade-Related Technical Assistance and Capacity Building: Management of Trade Capacity Building, retrieved July 9, 2003 from <http://tcbdb.wto.org/>.

Table 3-2  
*Illustrative U.K. Government Projects, as of May 2002<sup>12</sup>*

Country	Funding (£)	Activities
12 African Countries	7.5 million	The Africa Trade and Poverty Programme will work with 12 African countries and regional trade integration bodies to build capacity to formulate, negotiate, and implement national and regional trade reform strategies, of which support on mainstreaming issues will be provided to governments.
CARICOM countries	1.3 million	Technical assistance to strengthen participation in WTO, FTAA, and EU Cotonou Agreement trade negotiations. Technical assistance focuses on communication and dialogue with stakeholders.
Ghana	700,000	The project's aim is to develop and strengthen linkages among the government, private sector, and civil society, facilitating an informed trade policymaking process, analyzing trade policy options, and assisting preparations for regional and multilateral trade negotiations. This project will work with the private sector to improve its ability to comment on and participate in the establishment of standards and regulations.
Ukraine	700,000	Technical assistance to help trade officials coordinate trade policy formulation across the government, as well as to develop a strategy to raise awareness in the private sector, parliament, and civil society.
Pakistan	1 million	Technical assistance to help the government prepare for and participate in WTO negotiations and to develop resources that will help the government and private sector communicate about trade policy issues and formulation.

## Multilateral Institutions

### WORLD TRADE ORGANIZATION

The WTO provides technical assistance to (1) develop negotiating capacity for the Doha Development Agenda, (2) build institutional capacity to understand the rules and implement agreements, and (3) foster commercial infrastructure to generate revenue, increase employment, and reduce poverty. Technical assistance is provided through seminars, workshops, training activities, training-the-trainer activities, an internship program, video links, short trade policy courses, and collaboration with academic institutions and policy think tanks. According to the WTO/OECD trade capacity-building database, the WTO has funded and implemented projects involving trade mainstreaming (e.g., awareness raising, strengthening trade policy process, integrating trade in development and poverty reduction strategies).

---

<sup>12</sup> UK Trade Related Technical Cooperation Activities. May 2002.

## ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

The OECD participates in global policy discussions of trade capacity building and technical assistance, as well as in the Integrated Framework Working Group. It provides technical assistance and capacity building related to policy dialogue and cooperation with non-OECD members.<sup>13</sup> The OECD also engages in activities coordinated by the Centre for Cooperation with Non-Members (CCNM). These include Global Forums, which are specialized dialogue initiatives and networks, and regional and country programs in Europe and Central Asia, Asia, and South America.<sup>14</sup> The OECD, in conjunction with the WTO, established the Doha Development Round Trade Capacity Building Database (TCBDB), a comprehensive source of data on trade capacity building and technical assistance as reported by bilateral, regional, and multilateral donor institutions.

## WORLD BANK INSTITUTE

The World Bank Institute assists clients in developing national trade policy, building capacity to participate in the WTO, and facilitating understanding of the benefits and costs of increased openness. WBI targets three audiences: researchers and trainers, policy advisers and negotiators, and civil society and the private sector.<sup>15</sup> Core WBI program components include

- Building capacity to analyze the effects of trade policy and global trading arrangements and to improve links between domestic research and policymaking. WBI works closely with the African Economic Research Consortium (AERC) and the Southern African Trade research Network (SATRN).
- Developing a deep understanding of trade policy choices for domestic growth and poverty reduction among policy and technical advisers and among trade officials.
- Fostering debate on issues of interest to domestic stakeholders (i.e., government ministries and agencies, interest groups, NGOs and consumers) to ensure understanding of the trade agenda.

## INTERNATIONAL TRADE CENTRE

The International Trade Centre (ITC) is the technical cooperation agency of the United Nations Conference on Trade and Development (UNCTAD) and the WTO for operational, enterprise-oriented aspects of trade development. ITC's technical assistance concentrates on helping businesses understand WTO rules, strengthening enterprise competitiveness, and

---

<sup>13</sup> OECD member countries include Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States.

<sup>14</sup> WTO/OECD, 2002.

<sup>15</sup> Information retrieved from the WBI website, [www.worldbank.org/wbi/](http://www.worldbank.org/wbi/), accessed July 2003.

developing trade promotion strategies. While the ITC focuses on the business side of trade, some program components may address public-private sector dialogue.<sup>16</sup>

## INTEGRATED FRAMEWORK

The IF was inaugurated in October 1997 by six multilateral institutions (IMF, ITC, UNCTAD, UNDP, World Bank, WTO) at the WTO High Level Meeting on Integrated Initiatives for LDC Trade Development. The purpose of the IF is to integrate trade concerns into national development plans and to assist in coordinated delivery of technical assistance in response to needs identified by LDCs. To participate in the IF process, a country submits an official request, which undergoes a technical review. A national IF steering committee is established and, if possible, a lead donor is identified. When the request is approved, a diagnostic trade integration study (DTIS) begins. The DTIS includes an assessment of national capacity (public and private) to formulate and implement trade policy. DTIS findings are then translated into an action plan, which serves as basis for trade-related technical assistance.

## JOINT INTEGRATED TECHNICAL ASSISTANCE PROGRAMME

The JITAP to Selected Least Developed and Other African Countries is a joint effort of the ITC, UNCTAD, and WTO. JITAP's purpose is increase development opportunities of African country partners by improving their participation in the multilateral trading system (MTS). JITAP aims to (1) build national capacity to understand the MTS and its implications for external trade, (2) adapt the national trading system to the obligations and disciplines of the MTS, and (3) seek maximum advantage from the MTS by enhancing the readiness of exporters. To strengthen national policy coordination, JITAP

- Promotes institutional coordination through National Steering Committees,
- Appoints technical counterparts<sup>17</sup> in each country to implement JITAP projects, and
- Identifies a national focal point in the ministry responsible for international trade.

To optimize resources, JITAP organizes activities into clusters then adapts them to each country. The program strengthens capacity to understand the MTS and its implications through two clusters. The first supports a national coordination mechanism to handle WTO-related issues and helps build the knowledge base on the MTS in each country. The second examines the impact of the MTS on national economies, identifies priority sectors, and provides guidance for strategies to benefit from the new trading opportunities.<sup>18</sup>

---

<sup>16</sup> Information retrieved from the ITC website, [www.intracen.org](http://www.intracen.org), accessed July 2003.

<sup>17</sup> Counterparts include the Directorate for International Trade in the Ministry of Commerce, trade promotion organizations, chambers of commerce, and industry and local academic institutions.

<sup>18</sup> Information retrieved from JITAP's website, [www.jitap.org](http://www.jitap.org), accessed July 2003.

## Regional Institutions

Under the Free Trade Area of the Americas (FTAA) Hemispheric Cooperation Program (HCP) and with mandates emerging from the OAS General Assembly in support of the HCP, the Trade Unit of the Organization of American States (OAS) will provide trade-related capacity building to FTAA countries, especially smaller economies.<sup>19</sup> Examples of technical assistance in policy coordination and dialogue include

- Supporting countries, upon request, in developing national or regional trade capacity building strategies that define, prioritize, and articulate needs in preparing for negotiations, implementing trade commitments, and adjusting to integration.
- Structuring train-the-trainer programs to create a critical mass of local individuals or the “trainers-to-be” in trade disciplines to strengthen local trade capacities and sustain capacity building at the national and regional levels.
- Sponsoring trade policy workshops, conferences, and dialogues for executives, managers and other leaders. This program strengthens trade capacities and promotes public–private sector dialogue, as well as participation of civil society in the FTAA HCP. It will be carried out with ministries responsible for trade policy in Central America, the Dominican Republic and Panama, the Andean Community, and Mercosur.
- Conducting subregional seminars and workshops on competition policy and trade-remedy laws, dispute settlement, e-commerce, intellectual property rights, investment, services, and technical barriers to trade.
- Facilitating a hemispheric network in academic communities via the Research Network on Trade in the Americas (NetAmericas)<sup>20</sup> to promote information sharing on trade and integration.

---

<sup>19</sup> The OAS is supporting the following countries in elaborating trade capacity-building strategies in the context of the division of work in the Tripartite Committee institutions: El Salvador, Belize, Uruguay, Barbados, Bahamas, and the OECS countries (Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines).

<sup>20</sup> See [www.netamericas.net](http://www.netamericas.net). NetAmericas is dedicated to information exchange and critical thinking and research on hemispheric integration and is open to individuals with a record of scholarly research and publications relating to trade policy and economic integration in the Americas. NetAmericas maintains a dialogue among members of the academic community, organizes conferences on integration in the Americas, and hosts discussions on FTAA-related research.

Table 3-3

*Internet Addresses of Organizations Providing Technical Assistance*

Organization	Internet Address
Asia Pacific Economic Cooperation Agricultural Technical Cooperation Working Group	<a href="http://www.apecsec.org.sg/">www.apecsec.org.sg/</a>
Canadian International Development Agency	<a href="http://www.acdi-cida.gc.ca">www.acdi-cida.gc.ca</a>
Department for International Development (UK)	<a href="http://www.dfid.gov.uk">www.dfid.gov.uk</a>
Integrated Framework	<a href="http://www.integratedframework.org">www.integratedframework.org</a>
International Trade Centre	<a href="http://www.intracen.org">www.intracen.org</a>
Joint Integrated Technical Assistance Programme	<a href="http://www.jitap.org">www.jitap.org</a>
Organization for Economic Cooperation and Development	<a href="http://www.oecd.org">www.oecd.org</a>
Organization of American States	<a href="http://www.oas.org">www.oas.org</a>
U.S. Agency for International Development	<a href="http://www.usaid.gov">www.usaid.gov</a>
World Bank Institute	<a href="http://www.worldbank.org/wbi">www.worldbank.org/wbi</a>
World Trade Organization	<a href="http://www.wto.org">www.wto.org</a>
WTO/OECD Trade Capacity Building Database	<a href="http://tcdb.wto.org">http://tcdb.wto.org</a>

## 4. Guidelines for Technical Assistance

Many bilateral and international donors recognize the importance of building trade policy capacity in developing countries. Duplication of work and uncoordinated use of resources are therefore a risk. Donors, especially international organizations, are beginning to collaborate more in devising technical assistance and capacity-building programs, beginning with identifying and prioritizing assistance needs. Even so, systematic coordination will be difficult. All donor agencies should strive for at least informal coordination and greater information sharing.

Assistance for activities related to trade policy will be more cost-effective if provided in a multiyear plan that integrates key elements of national programs and initiatives with externally funded projects. This kind of technical assistance plan is transparent to all interested parties, helps set goals and milestones, helps establish a parallel reporting procedure, and clarifies complementarities between elements of the trade policy regime.

The following general observations should be taken into account when developing technical assistance and capacity-building programs related to trade policy coordination and dialogue:

- ***Tailor Assistance to the Host Country's Needs.*** Each country will have different needs for assistance in trade policy coordination and public-private sector dialogue. Tailoring technical assistance to identify and fill gaps ensures that assistance is beneficial and avoids duplicating other donors' work.
- ***Take a Comprehensive, Integrated Approach to Assistance.*** Before a project starts, the Mission should assess the country's broad needs for trade policy capacity building, as well as those that relate directly to project goals. The Mission should examine the strengths and weaknesses of government institutions involved in trade policymaking, as well as the capability of private sector and civil society organizations to participate in trade policy dialogue. The Mission should also assess the external setting, including political will and other factors.

- ***Plan for a Multiyear Effort.*** Building trade policy capacity across government agencies, the private sector, and civil society is likely to be a long-term process, as is developing an effective dialogue and coordination process. Participants' knowledge and awareness will grow steadily over time with experience in dialogue and coordination. Assistance projects should take this into account at the planning stage, and not expect to achieve significant results quickly.
- ***Foster Local Ownership and Participation.*** Participation and consultation among stakeholders and within governments is the hallmark of an effective trade framework. By helping developing countries build such a framework, donors will ensure that the trade policy process is locally owned and demand-driven. Once the process is functioning, local participants will take greater control of their relationships with donors, identifying more precise objectives for additional donor support.
- ***Coordinate with Other Donors and Providers of Technical Assistance.*** When a Mission identifies a need, it should review the goals and results of past and ongoing projects in its jurisdiction. It should consult with other donors, including private companies under contract; regional organizations; government authorities, such as trade ministries at the highest levels; and the private sector and universities. Documentation of past assistance should be retained for application in new assistance. If the government or regional organization is receiving assistance from another donor, the Mission should build on that program through consultation and negotiation with the government and the donor during the planning stage and by sharing information and coordinating activities during the project.
- ***Develop Human Capacity.*** Improving policy coordination and dialogue requires dealing with underlying problems in developing countries: lack of knowledge and skills in trade policy. Assistance projects can provide formal technical training, on-the-job training, intellectual and information resources, and training in core management and communication skills, as well as strategic planning, policy analysis, and negotiating.
- ***Exploit Potential of Information Technology.*** Information and communication technologies offer donors and developing countries powerful tools for improving trade policy coordination and dialogue. By facilitating real-time interaction and rapid, inexpensive distribution of data and documents, these technologies can improve the flow of information within governments and between governments and the private sector and civil society. Taking advantage of information resources requires advanced computer and telecommunications equipment and trained technical personnel and users. Providing the equipment and human resources to developing countries will be costly.

# Bibliography

Alba, C. , Vega, G. 2002. Trade Advisory Mechanisms in Mexico in *The Trade Policy -Making Process: Level One of the Two Level Game: Country Studies in the Western Hemisphere*. Washington: Inter-American Development Bank.

Blouin, C. & A. Weston. 2002. Trade Policy Research in the Commonwealth Caribbean. Ottawa: IDRC.

Department for International Development. 2001. Building Trade Policy Capacity in Developing Countries and Transition Economies: A Practical Guide to Planning Technical Co-Operation Programmes.

FTAA-Committee of Government Representatives on the Participation of Civil Society. 2002. Annual Report of the Committee. Available at [http://www.ftaa-alca.org/SPCOMM/COMMCS\\_E.ASP#pubs](http://www.ftaa-alca.org/SPCOMM/COMMCS_E.ASP#pubs)

Graef, P.L. 1999. Program Elements for Developing Core WTO Expertise. WTO-Related Technical Assistance Symposium for Sub-Saharan Africa, Seattle, Washington. Available at <http://www.nathaninc.com/News/index.asp?s=0&bid=545>

Leesti, M., and T. Pengelly. 2002. Institutional Issues for Developing Countries in Intellectual Property Policymaking, Administration and Enforcement. CIPR Background Paper 9. London: CIPR.

Michalopoulos, C. 2001. Developing countries in the WTO. London: Palgrave.

Nathan Associates. 2002. Mainstreaming Trade: A Poverty Reduction Strategy for Mozambique. Report prepared for USAID. Washington DC: Nathan Associates Inc.

Organisation for Economic Co-operation and Development. 2001. DAC Guidelines on Capacity Development for Trade in the New Global Context. Paris: OECD

Sen, J. 2003. Lessons Not Learned: India's Trade Policymaking Process from Uruguay to Doha. Available at <http://www.gapresearch.org/index.html>

USAID. 2001. United States Government Initiatives to build Trade-Related Capacity in Developing and Transition Countries. Available at [http://www.usaid.gov/economic\\_growth/tradereport/](http://www.usaid.gov/economic_growth/tradereport/)

- Weekes, J. 2001. A Study on Assistance and Representation of the Developing Countries without WTO Permanent Representation in Geneva. London: Commonwealth Secretariat.
- WTO, 2002. Diagnostic Trade Integration Study for Cambodia. Prepared under the Integrated Framework for Trade Related Technical Assistance to Least Developed Countries. WT/IFSC/W/12 August 1, 2002. Geneva: WTO.
- WTO/OECD, 2002. First Joint WTO/OECD Report on Trade-Related Technical Assistance and Capacity Building: Management of Trade Capacity Building. Available at: <http://tcbdb.wto.org/>
- WTO/OECD, 2003. Second Joint WTO/OECD Report on Trade-Related Technical Assistance and Capacity Building: Management of Trade Capacity Building. Available at: <http://tcbdb.wto.org/>

# Appendix. Trade Policy Coordination and Dialogue in the United States

## Role of USTR

The Office of the U.S. Trade Representative (USTR) develops and coordinates U.S. international trade, commodity, and direct investment policy.<sup>21</sup> It also leads or directs negotiations with other countries on such matters. It provides trade policy leadership and negotiating expertise in

- All WTO matters;
- Trade, commodity, and direct investment matters managed by international institutions;
- Expansion of market access for U.S. goods and services;
- Industrial and services trade policy;
- International commodity agreements and policy;
- Bilateral and multilateral trade and investment issues;
- Trade-related intellectual property protection issues; and
- Negotiations affecting U.S. import policies.

USTR is part of the Executive Office of the President. The agency head, also referred to as the USTR, is a Cabinet member who serves as the President's principal trade adviser, negotiator, and spokesperson on trade and related investment matters. The USTR is also Vice Chairman of the Overseas Private Investment Corporation (OPIC), a non-voting member of the Export-Import Bank, and a member of the National Advisory Committee on International Monetary and Financial Policies.

---

<sup>21</sup> This appendix is based largely on material on the Office of the U.S. Trade Representative's website, <http://www.ustr.gov/about-ustr/ustrrole.shtml>.

## **Interagency Coordination**

Through an interagency structure, the USTR coordinates trade policy, resolves disagreements, and frames issues for Presidential decision. USTR coordinates trade policy matters through the Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC). Administered and chaired by the USTR, these groups are composed of representatives from 17 agencies and offices. They constitute the sub-cabinet mechanism for developing and coordinating U.S. Government positions on international trade and trade-related investment.

The TPSC, the primary operating group, is made up of senior civil servants. Supporting the TPSC are several task forces and more than 60 subcommittees in specialized areas. If agreement is not reached in the TPSC, or if significant policy questions are being considered, then issues are taken up by the TPRG (Deputy USTR/Under Secretary level).

The final tier of interagency trade policy coordination is the National Economic Council (NEC), chaired by the President. The NEC Deputies' committee considers memoranda from the TPRG, as well as important or controversial trade-related issues.

## **Coordination with the Private Sector and Civil Society**

The private sector contributes to trade negotiations through advisory committees. The advisory process has been extremely successful in negotiations on China's accession to the WTO; multilateral agreements on information technology, financial services, and basic telecommunications; the NAFTA and Uruguay Round negotiations; and the Summit of the Americas and Asia-Pacific Economic Cooperation (APEC) initiatives. Congress provided for continuation of the advisory process in the Trade Agreements Act of 1979. Committees advise on the operation of trade agreements, the development and implementation of U.S. trade policy, and priorities for actions to implement such policy.

The primary objectives of the private sector advisory system are to (1) consult with the U.S. Government on negotiation of trade agreements, (2) assist in monitoring compliance with the agreements, and (3) provide input and advice on the development of U.S. trade policy. The advisory system is composed of committees. The Advisory Committee on Trade Policy and Negotiations (ACTPN) is appointed by the President and has 45 members from representative elements of the U.S. economy with international trade interests. Its mandate is to provide general policy guidance on trade issues. At the next level are six committees

- Intergovernmental Policy Advisory Committee
- Trade Advisory Committee on Africa
- Agricultural Policy Advisory Committee
- Labor Advisory Committee
- Defense Policy Advisory Committee

- Trade and Environment Policy Advisory Committee.

Each provides advice from the perspective of its sector or area. In addition, 26 technical, sectoral, and functional advisory committees provide advice; with 17 devoted to the industrial sector, covering everything from wholesale and retail trade and textiles to consumer and capital goods. Five committees on the agricultural sector cover animal products; fruits and vegetables; tobacco, cotton, and peanuts; sweeteners; and grains and oilseeds. Functional committees cover customs valuation and standards, intellectual property rights, and electronic commerce. The Labor Advisory Committee has three functional committees: government procurement, standards, and unfair trade practices.

## **Coordination with Congress**

Since its creation, USTR has consulted closely with Congress. Five Members from each House are formally appointed under statute as official Congressional advisors on trade policy, and additional Members may be appointed as advisors on particular issues or negotiations. Liaison between USTR and Congress are extensive.